

Message Text

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43

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 SS-20 NSC-10 STR-08 L-03 DRC-01

/130 W

----- 050524

R 060955Z DEC 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 9655

INFO AMCONSUL HONG KONG

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

USDOC

UNCLAS SAIGON 20489

E.O. 11652: N/A

TAGS: EFIN, VS, JA

SUBJECT: JAPAN ABOUT TO PROVIDE INVESTMENT INSURANCE IN VIETNAM

SUMMARY JAPAN WILL PROVIDE INVESTMENT INSURANCE SOMETIME IN

DECEMBER OR AT LATEST MID JANUARY. COVERAGE WILL BE LIMITED
BECAUSE OF POOR INVESTMENT CLIMATE. ONLY SMALL INVESTMENT
PROJECTS ARE EXPECTED TO BE IMPLEMENTED WITH AVAILABILITY OF
INVESTMENT INSURANCE. END SUMMARY

1. JAPAN WILL PROVIDE INVESTMENT INSURANCE SOMETIME IN DECEMBER
OR AT LATEST MID JANUARY ACCORDING TO JAPANESE COMMERCIAL
ATTACHE NISHIMURA. DECISION IS EXPECTED TO BE BASED ON RECOM-
MENDATION BY S. OZU, CHIEF OF MITI'S EXPORT INSURANCE PLAN-
NING DIVISION, WHO VISITED VIETNAM RECENTLY, GVN OFFICIALS
REPORTEDLY WELCOMED THIS INITIATIVE AND URGED THAT EXPORT
INDUSTRIES BE COVERED. HOWEVER, NISHIMURA CAUTIONED THAT
THERE MAY BE SOME DELAYS IF THE SECURITY SITUATION DETERIO-
RATES.

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2. COVERAGE WILL BE LIMITED AS TO AMOUNT, TYPES OF INDUSTRY, AND URBAN AREAS WITHIN VIETNAM. NISHIMURA THOUGH CEILING MIGHT BE ONE MILLION DOLLARS, BUT EXCEPTION MIGHT BE MADE FOR PROPOSED MITSUBISHI INVESTMENT IN SAIGON HOTEL PROJECT. URBAN AREAS WOULD INCLUDE CAN THO, SAIGON-BIEN HOA, NHA TRANG, DANANG, CAM RANH, AND VUNG TAU.

3. NISHIMURA MENTIONED THAT RISKS COVERED ARE DAMAGES CAUSED BY WAR, LOSS DUE TO NATIONALIZATION, AND INABILITY TO CONVERT LOCAL CURRENCY INTO YEN. HE THOUGH INCONVERTIBILITY COVERAGE MIGHT BE RESTRICTED BECAUSE OF ALLEGED CURRENT HIGH RISK.

4. EVEN WITH AVAILABILITY INVESTMENT INSURANCE NISHIMURA EMPHASIZED THAT JAPANESE FIRMS WOULD NOT RUSH IN WITH INVESTMENT PROJECTS BECAUSE OF PRESENT POOR INVESTMENT CLIMATE. HE PREDICTED THAT FOR PRESENT JAPANESE FIRMS WILL PROBABLY PROCEED TO IMPLEMENT ONLY SMALL PROJECTS LIKE GARMENT MANUFACTURING AND SAWMILLS.
MARTIN

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SOMETIME IN
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